



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture



NOVEMBER 9, 1999

Short Line Railroads Face Costly Upgrade. In a recent contribution to the *Journal of Commerce*, Alice C. Saylor, vice president and general counsel of the American Short Line and Regional Railroad Association, expressed concern about the use of larger hoppers and the possible effects on small, light-density rail lines in the United States. The advent of 286,000-pound cars (a.k.a. 286 cars) is rapidly becoming the norm for commodities, including grain, according to the association. The industry's switch from 268,000-pound cars to the new 286 cars has been largely a matter of economics, decreasing costs by increasing volume, lowering per unit fuel costs, as well as switching and coupling costs. Those short lines that do handle the larger cars do so only at very slow speeds. The problem is especially critical in rural areas, where some agricultural shippers depend exclusively on short-line service to transport commodities on to the larger Class 1 rail network. To overcome the predicament, Saylor suggested two steps. The first is to gather the technical data needed to determine the necessary upgrades. Effects of the larger cars on mainline track have been studied carefully since the 1980s, but with disregard to the light-density lines. The railroad association, however, has begun examining how weight and size of the new cars will affect the infrastructure of the smaller lines. The second step would be to budget the funds necessary for the upgrades, although some initial estimates are in the billions of dollars. Saylor suggested necessarily increasing internally generated funds and conventional lending, but she also mentioned federal sources, such as the Railroad Rehabilitation and Improvement Program. In addition to federal loans, Saylor hoped additional financial assistance from other federal sources would be identified in order to maintain the viability of the nation's smaller railroads. (*Journal of Commerce* 11/9, *USDA*)

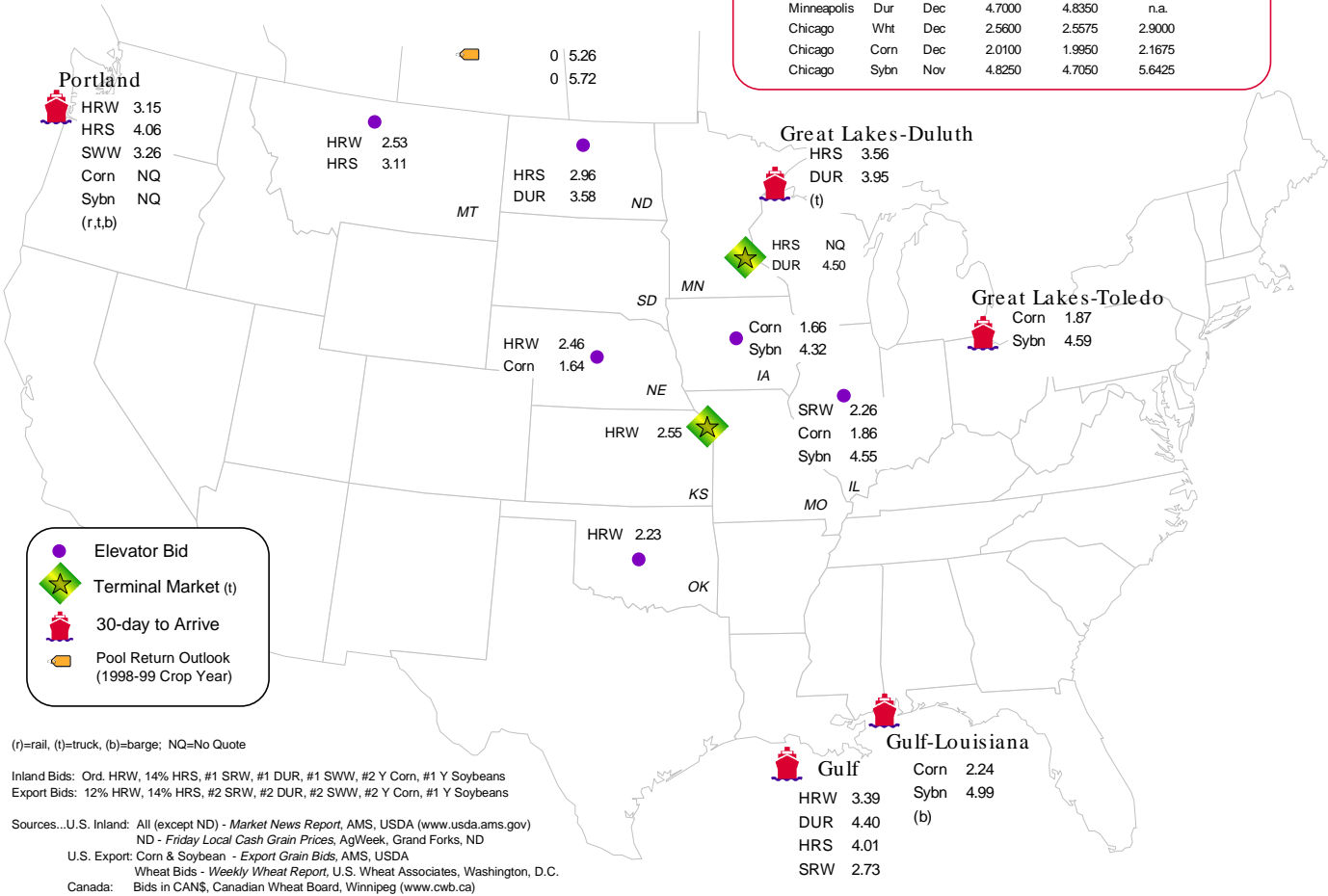
Union Pacific Adds Locomotives , CSX Works To Ease Backlog. The Union Pacific Railroad (UP) recently announced a locomotive replacement program. The order is not only the largest ever for UP, but also the largest the manufacturer, General Motors, ever received. The Class 1 carrier will lease 1,000 new Model SD70 locomotives in the next three to four years, and will retire 1,500 older, less-efficient units. With the new fleet, the railroad intends to improve locomotive reliability and reduce operating costs. The higher horse-power units also will allow UP to trim the average age of its road fleet by five years, cut the number of locomotive models to 18 from 33, and reduce the need for maintenance and rebuild programs. "This 3-for-2 replacement will enable us to perform the same amount of work with fewer locomotives," said Dick Davidson, UP chairman and CEO. In other rail news, CSX Railroad is providing nearly 500 additional railcars to Michigan growers to ease a transportation shortage, affecting mostly corn, soybeans, dry beans, and sugar beets. A task force organized by U.S. Sen. Spencer Abraham (R-MI), and comprising state agricultural officials and a CSX representative, is addressing the problem effectively, according to Dan Wyant, director of the Michigan Department of Agriculture. With the car shortage, Michigan farmers were unable to harvest approximately 20- percent of their crop, their elevators were full and outdoor storage lots were beginning to back- up. The railroad providing the additional cars "gets us to where we should have been a week or 10 days ago," Wyant said. "It's a moving target," he added. (*Union Pacific Railroad*, www.uprr.com 10/6, *AP* 11/8)

Cuban Trade Sanction, Focus Of Summit. The annual Ibero-American Summit, scheduled for Nov. 15-16 in Havana, Cuba will provide a forum for 21 political leaders from Latin America, Spain and Portugal to focus on such issues as trade and human rights. A draft version of the Declaration of Havana, prepared in advance by delegations from member nations, includes a joint condemnation of the U.S. trade embargo against communist-ruled Cuba. While the 12 point summit document calls for an end to sanctions, it also reiterates a "commitment to strengthen democratic institutions, political plurality, the state of law, respect of human rights and fundamental freedoms, including the right to development." As in the past, however, Cuban leader, Fidel Castro has argued firmly in favor of the Cuban political structure and likely will remain steadfastly devoted to the communist system. The U.S. embargo began soon after the 1959 Cuban revolution, however, the 1996 Helms-Burton law has since strengthened it by adding sanctions against foreign firms using property, which had been American owned before the revolution. The UN General Assembly has voted for seven consecutive years to end the trade embargo, but President Clinton is reluctant to lift sanctions completely, saying it pressures Castro to move toward democracy and to respect human rights in Cuba. Clinton did not entirely rule out exempting food and medicine from the embargo, however, as recent congressional legislation has considered. "I could support that kind of legislation, and think that would provide a lot of relief to the farmers, but it would have to be written in the proper way," Clinton said. (*Reuters* 11/05, 11/08, AP-athensnewsbaper.com/1997/110997,csmonitor.com/durable/1998/09/25/intl)

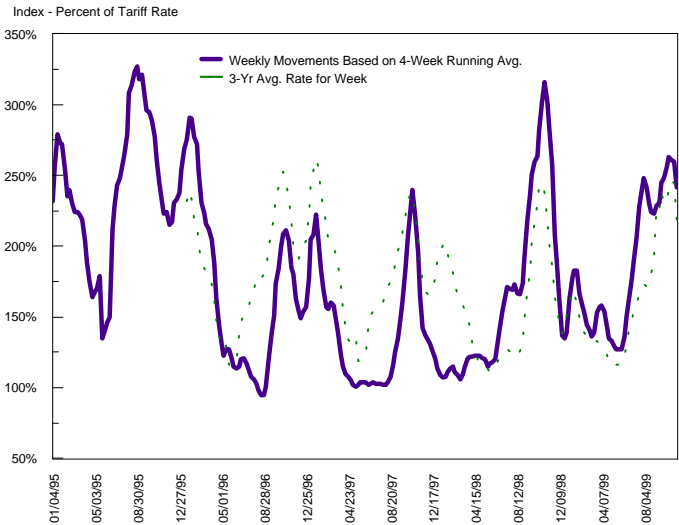
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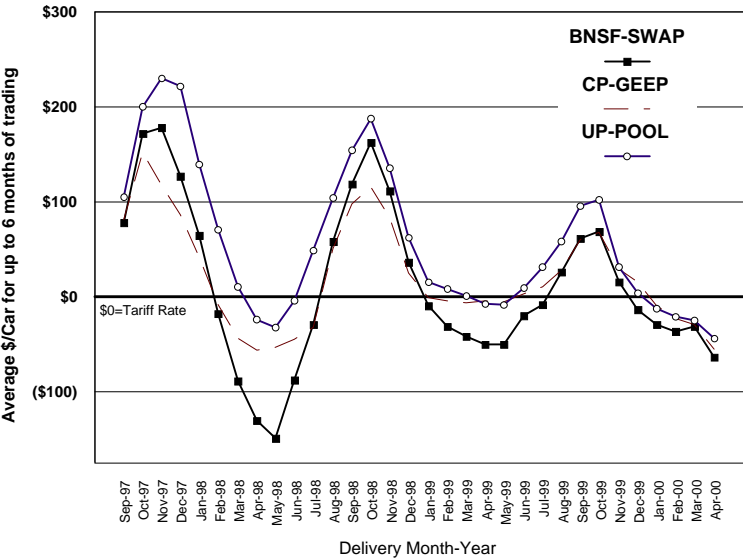
Grain Bid Summary



Spot Barge Rate - Illinois River



Secondary Rail Market Bids



Rail Car 'Auction' Offerings				
Delivery for:	Nov-99		Jan-00	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	12,175	80%	12,000	15%
UP-GCAS	5,400	61%	5,400	0%
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Nov-99	Dec-99	Jan-00	Feb-00
BNSF-GF	\$(198)	\$(121)	\$(106)	\$(101)
CP-GEEP	\$15	\$(15)	\$(15)	\$(15)
UP-Pool	\$(164)	\$(86)	\$(82)	\$(66)

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Nov-99	Dec-99	Jan-00
COT/N. Grain	no bid	no bid	no bid
COT/S. Grain	no bid	no bid	no bid
GCAS/Region 2	no bid	no bid	no bid
GCAS/Region 4	no bid	no bid	no bid

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com,
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values**

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate*
11/8/99	Mid Miss	twk	165
	Twin Cities	twk	200*
	Illinois River	twk	160**
	Lower Ohio River	twk	145
	St. Louis	on station	120

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

twk=this week

nwk=next week

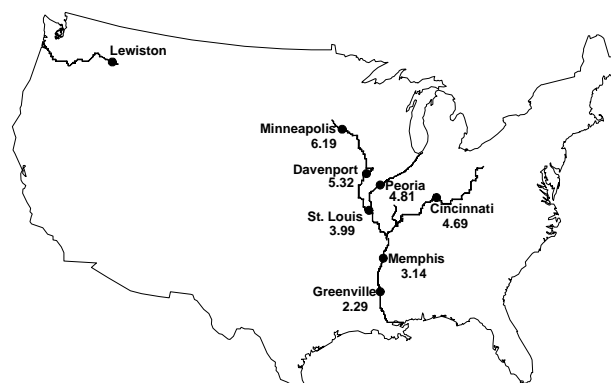
(*) percentage for bid rates

(**) percentage for offered rates

on station=boat located at a point on the river (immed. available)

Southbound Barge Freight Spot Rates

	11/3/99	10/20/99	Dec. '99	Feb.. '00
Twin Cities	217	291	nq	nq
Mid-Mississippi	185	234	nq	nq
Illinois River	193	243	154	171
St. Louis	150	204	117	113
Lower Ohio	157	204	127	124
Cairo-Memphis	135	191	121	118

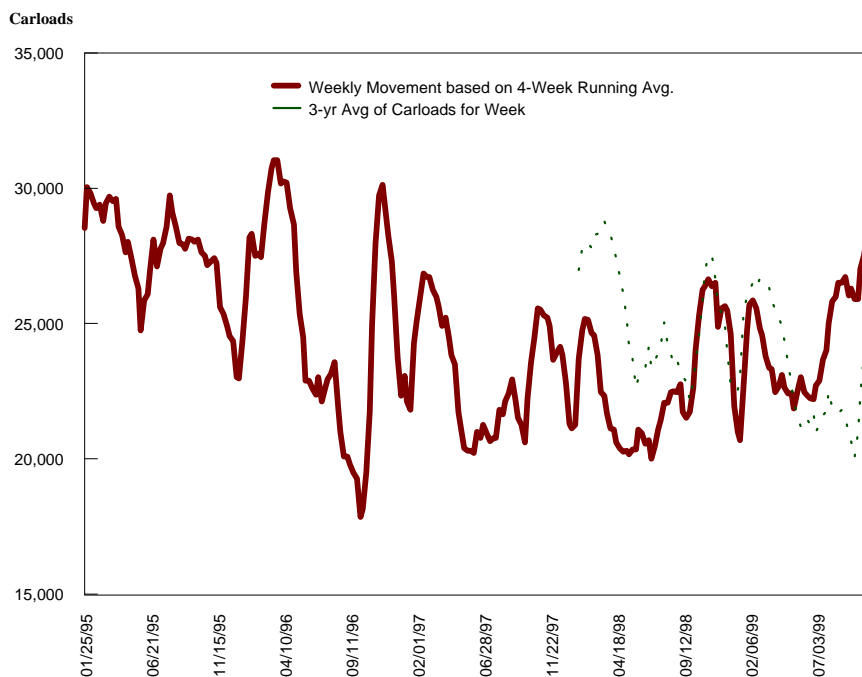
Source: Transportation & Marketing /AMS/USDA
nq=no quote**Barge Benchmark Tariff Rates
Est. 1976 - 'Tariff No. 7'**

Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
10/16/99	29,246
10/23/99	28,540
10/30/99	28,093
Year to Date - 1999	1,058,404
Year to Date - 1998**	967,708
Total 1998**	1,183,860
Total 1997*	1,199,995

**1998 - 52 weeks

* 1997 - 53 weeks



Class I Rail Carrier Grain Car Bulletin

Carloads

Canoads									
			East		West			Canada	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
10/30/99	0	3,237	1,676	3,450	10,700	559	8,471	3,405	4,492
This Week Last Year	1,421	3,722	1,556	3,179	9,550	614	7,485	2,241	4,929
1999 YTD	15,522	107,171	74,422	113,887	384,082	28,443	335,877	95,449	171,237
1998 YTD*	31,819	102,085	65,325	108,115	351,659	28,578	280,127	94,302	180,325
1997 Total**	29,834	118,581	80,255	124,834	428,243	34,690	378,888	171,428	272,156
1996 Total	31,733	111,509	48,695	131,568	432,687	30,009	439,865	129,714	181,387

Source: Association of American Railroads

**1998 - 52 weeks

* 1997 - 53 weeks

Tariff Rail Rates for Unit Train Shipments

November 1999

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
11/01/99	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
11/01/99	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,877	\$42.74	\$1.16
11/01/99	46540	Wheat	Kansas City, MO	Houston, TX	\$1,550	\$17.09	\$0.47
11/01/99	43586	Wheat	Kansas City, MO	Portland, OR	\$4,133	\$45.56	\$1.24
11/01/99	43581	Wheat	Omaha, NE	Portland, OR	\$3,805	\$41.94	\$1.14
11/01/99	31040	Corn	Minneapolis, MN	Portland, OR	\$2,800	\$30.86	\$0.78
11/01/99	31035	Corn	Kansas City, MO	Portland, OR	\$2,600	\$28.66	\$0.73
11/01/99	31040	Corn	Omaha, NE	Portland, OR	\$2,415	\$26.62	\$0.68
11/01/99	61180	Soybean	Minneapolis, MN	Portland, OR	\$2,880	\$31.75	\$0.86
11/01/99	61180	Soybean	Omaha, NE	Portland, OR	\$2,480	\$27.34	\$0.74
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

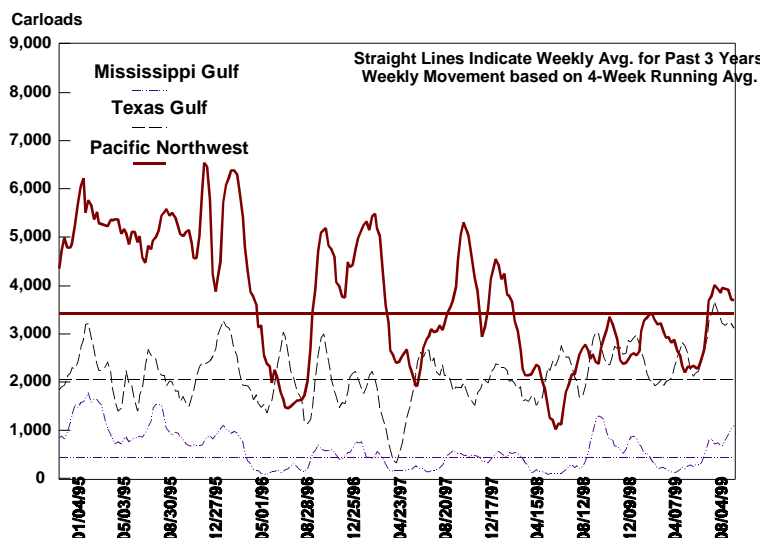
Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Rail Deliveries to Port

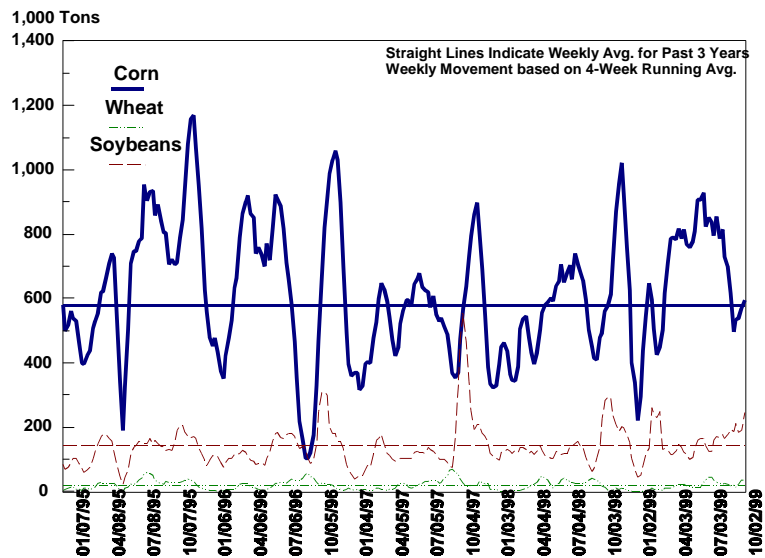
Carloads

	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
09/22/99	717	3,405	4,156	300
09/29/99	616	2,980	3,659	467
10/06/99	872	3,405	3,803	161
10/13/99	1,481	3,158	4,013	127
10/20/99	1,161	3,287	3,380	295
10/27/99	937	2,626	3,612	453
YTD 1999	22,838	113,879	130,529	12,125
YTD 1998	15,816	92,340	112,267	8,856
Total 1998	23,844	115,321	138,461	12,505
Total 1997	20,152	93,265	195,953	9,147

Source: Transportation & Marketing/AMS/USDA

Rail Deliveries to Port

Note: *Incomplete data.

Barge Movements - Locks 27**Barge Grain Movements**

for week ending 10/30/99

	Corn	Wht	Sybn	Total
1,000 Tons				
Mississippi River				
Rock Island, IL (L15)	296	20	168	489
Winfield, MO (L25)	456	31	293	788
Alton, IL (L26)	772	36	363	1,180
Granite City, IL (L27)	777	46	336	1,180
Illinois River (L8)	274	0	54	329
Ohio (L52)	22	2	24	63
Arkansas (L1)	0	16	4	20
1999 YTD	30,392	2,548	7,422	42,619
1998 YTD	23,828	2,191	6,744	35,181
Total 1998	31,226	2,420	8,866	45,625
Total 1997	29,685	2,689	9,584	45,315

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers

U.S. Export Balances (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
10/28/99	1,287	316	921	608	226	3,358	8,418	5,383	17,159
This Week Year Ago	1,585	312	1,219	1,260	177	4,553	8,206	6,486	19,245
<u>Cumulative Exports-Crop Year</u>									
98/99 YTD	5,589	1,692	2,265	1,631	385	11,562	8,627	4,880	25,069
97/98 YTD	4,955	948	2,779	2,265	403	11,349	6,536	17,713	35,598
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31**Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons**

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
11/04/99	267	169	57	105	368	315	143	0	58
1999 YTD	8,685	7,651	863	6,041	30,670	11,785	7,670	545	1,230
1998 YTD *	8,241	3,642	556	4,305	24,597	10,661	6,004	431	968
% of Last Year	80%	175%	133%	120%	98%	79%	106%	97%	88%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

Source: Federal Grain Inspection Service * YTD-Year-to-Date (*98 = 53 week period)

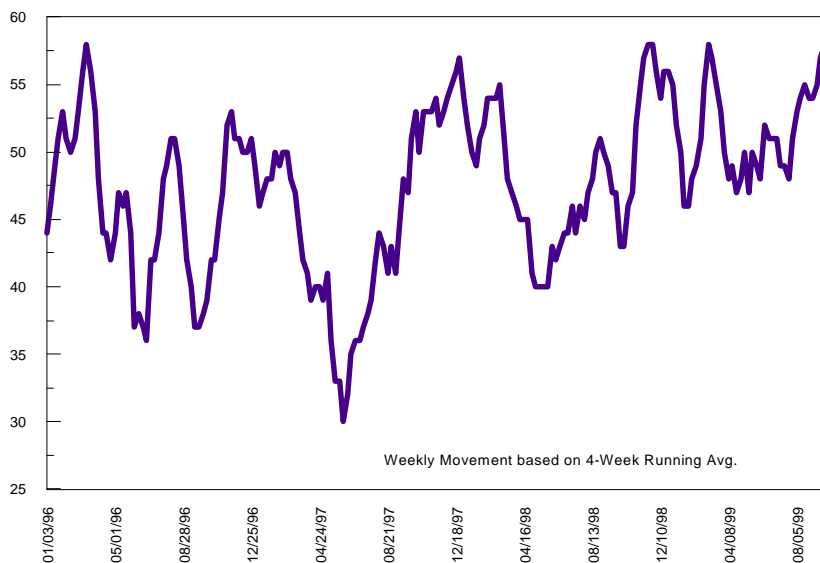
Select Canadian Ports - Export Inspections

1,000 Metric Tons, Crop Year

	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 11/04/99			
Vancouver	1,150	374	122
Prince Rupert	295	0	21
Prairie Direct	252	92	57
Thunder Bay	268	95	53
St. Lawrence	946	496	0
1999 YTD Exports	2,911	1,057	252
1998 YTD Exports	2,699	705	170
% of Last Year	108%	150%	148%

Source: Canadian Grains Commission
YTD-Year-to-Date Crop Year 8/1-7/31

Vessels



**Gulf Region
Vessels Loaded
- Past 7 Days-**

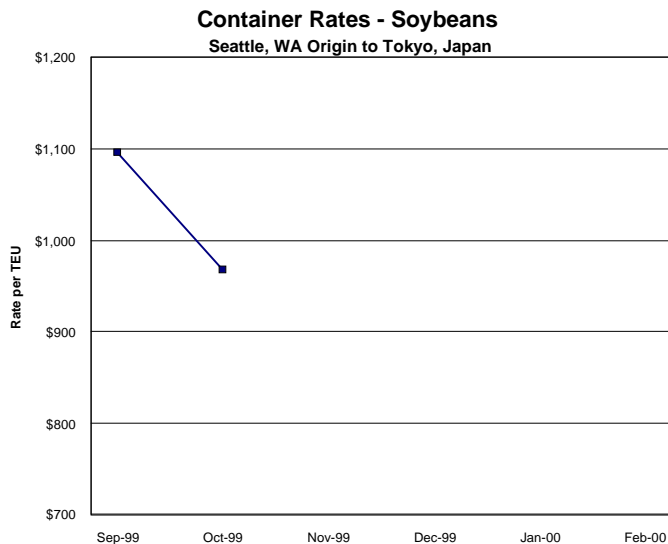
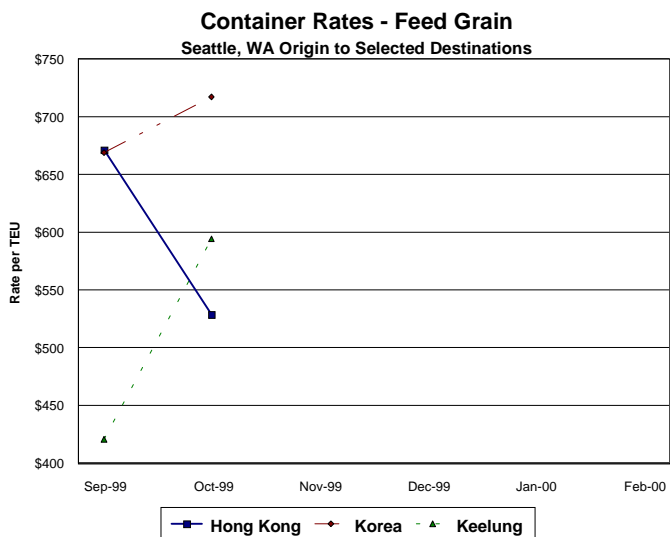
Port Region Ocean Grain Vessels

	Gulf			Pacific Northwest			Vancouver, B.C.		
	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>
10/28/99	23	59	58	16			12	12	4
11/04/99	37	51	76	10			14	7	4
1998 Range	(19..62)	(34..64)	(40..93)				(1..16)	(3..14)	(0..10)
1997 Range	(11..52)	(25..61)	(31..89)						
1998 Avg	40	48	61				9	9	3
1997 Avg	33	45	58						
1996 Avg	38	46	62						

Source: Transportation & Marketing /AMS/ USDA

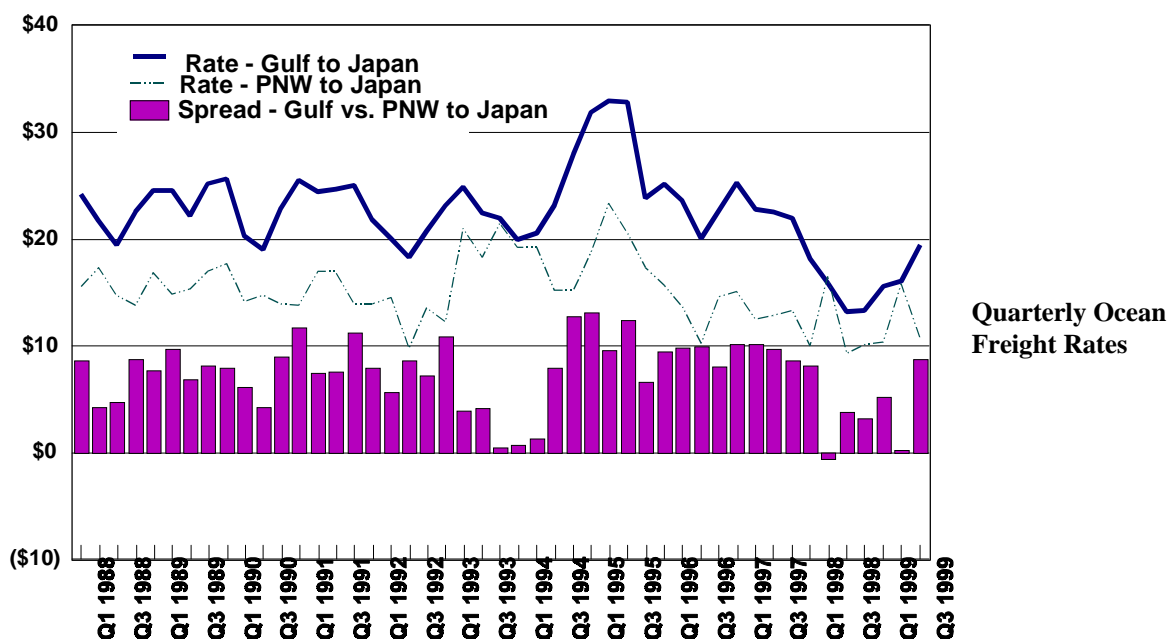
Container Ocean Freight Rates

Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share



Source: Transportation & Marketing/AMS/USDA

US\$/Metric Ton

**Quarterly Ocean Freight Rates**

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

	1999 3 rd Qtr	1998 3 rd Qtr	% Change		1999 3 rd Qtr	1998 3 rd Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$19.46	\$13.17	48%	Japan	\$10.71	\$9.35	15%
Mexico	\$14.97	\$16.33	-8%	Red Sea/ Arabian Sea			
Venezuela	\$12.64	\$10.30	23%				
N. Europe	\$13.31	\$8.85	50%	Argentina to			
N. Africa	\$18.20	\$13.87	31%	N. Europe	\$13.94	\$12.15	15%
				Japan	\$23.00	\$16.21	42%

Source: Transportation & Marketing/AMS/USDA

Ocean Freight Rates (Select Locations) - week ending 11/06/99

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Baie Comeau (Can.)	Japan	Heavy Grain	November	54,000	\$21.50
Gulf	Holland	Heavy Grain	November	55,000	\$12.00
Gulf	Egypt (Med.)	Heavy Grain	Prompt	50,000/60,000	\$13.00
Gulf	Indonesia	Heavy Grain	November	55,000	\$22.50
Gulf	SE Asia	Heavy Grain	Prompt	30,000	\$29.00
PNW	Taiwan	Heavy Grain	November	54,000	\$14.00
PNW	Japan	Heavy Grain	November	54,000	\$13.60/14.00
River Plate/Brazil	Spain	Grains	November	40,000	\$16.50
River Plate	Tunisia	Grains	Prompt	20,000	\$25.00
Hamburg (Ger.)	Saudi Arabia	Barley	Prompt	55,000	\$17.00

Source: Maritime Research Inc.